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## THE NEED OF NEW BLOOD IN SOUTHERN AGRICULTURE.

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The law of variation has long been a recognized principle in farming. Every farmer knows the effects of animal inbreeding. Every farmer knows the consequences of plant inbreeding. In considering the reasons for the bankruptcy of farming and the sterility of farm life, has it never occurred to you that possibly agriculture is suffering from the lack of variation in its most vital element—the human element—in other words, from the lack of new blood?

The city gets its new blood by accessions from the country, and it is a fact that many of the most successful men in the city are country bred. The country, on the other hand, not only gets little new blood from the outside, but sends to the city thousands of its fittest sons, and daughters, as its annual tribute to industrial progress. The result is stagnation in the country population. What farming therefore needs is a constant accession of new blood or, if I may so term it, temperamental hybridization. This is true not alone of the South but of farming the world over.

Dr. Coulter has shown how woefully laggard the South has been in the march of agricultural progress. Unquestionably Southern farming would profit very much by the adoption of better and more scientific farming and business methods. But what the South needs most is men. It needs the thoroughgoing German. It needs the stolid Slav. It needs the impressionable Italian. It needs the nimble-witted Hebrew. It needs the native born Western farmer who is flocking by the hundreds of thousands across our Northern border. The South needs them to develop its vast untouched natural resources. The South needs them to reclaim its swamps and deserts. The South needs them to constitute its body politic of home-owning independent farmers—the anchorage in every crisis of state and nation. You may not want all of them. You may have your preferences as to nationality. But heaven knows you need them.

No section of this great land of ours can surpass the South for natural advantages. No section can beat the South for soil or climate. No section has so many inducements for the thrifty

land-hungry homeseeker. But there are conditions in the South that call for change, evils that must be remedied, before settlers in appreciable numbers can be expected to cast their lot with it.

I do not think it at all necessary for me to add to the discussion of the conditions that have retarded the growth of the South in general and the agricultural South in particular. The preceding speakers—most of them native sons—have drawn up a staggering number of indictments against the South they so love, as only native sons can do. Health conditions are bad. Educational facilities are poor. Farming methods are slipshod. Credit facilities are inadequate. The tenancy evil is increasing from year to year. All this is true. But the fact that these evils are recognized is in itself a good sign.

But there is one evil that has not been touched on so far—an evil in comparison with which the array of those already mentioned sinks into insignificance; an evil that is doing more to retard the growth of the South commercially, industrially, and agriculturally, and to bring the fair name of the South into disrepute, than all the others taken together. I have reference to the rampant land speculation.

Nearly every important city in the North is infested with land companies with high sounding names, having southern land for sale. The papers are filled with their advertisements and the mails with their lurid literature. Some of these lands are actually under water and, by all the rules of the game, should be sold by the gallon instead of by the acre. Some of these lands have been cut up into five and ten acre farms which are sold at from ten to twenty times their real value and on impossible terms. The land in many instances is so poor that even the Angel Gabriel with his trumpet could not raise anything from it, and there is no possible chance of the purchaser's ever making a living on it. I have known of poor people who invested their life-long savings in Southern farms and returned to New York cursing the South and warning others away from it.

These land sharks have, in many instances, become so bold as not to hesitate at flirting with the criminal law, relying upon the ignorance and helplessness of their victims for immunity from prosecution. So palpably fraudulent were the claims of some of them that I was instrumental in having their advertisements rejected by some of the New York papers. When a New York paper turns down a valuable advertising contract you can just gamble that there must be good ground for it. The South must first of all rid itself of the incubus of exploitation by men who care as much for the fair name of the South as they care for the fair name of the South Pole.

Dr. Bourland, when he asked me to speak to you, laid much stress on the fact that what was wanted was a concrete proposition. I will give you five.

1. Let each State pass strict Blue Sky Laws, providing for the inspection, rating and certification of all lands for sale within its borders. No honest land owner, no honest land agent, no honest land speculator need have any fear of such a law. But it will put the crook out of business.

2. Let the Chamber of Commerce or other public spirited bodies of men in each town organize agricultural and immigration committees. Let it be the business of these committees to take in hand any stranger who may wish to locate in their vicinity and see to it that he gets a square deal and that he is suitably located.

3. Let these committees go a step further and acquire suitable tracts of land in their immediate vicinity, improve them, divide them up into ready made farms of suitable size, and sell them to desirable settlers at cost and on easy terms of repayment. I understand that Natchez and Charleston have done, or are trying to do, something in this direction.

4. Let these local committees in each State be federated into central committees. Let it be the business of these central committees to attend to the publicity work, and to have agents in all important cities and ports of entry to furnish the right information and proper direction to desirable homeseekers.

5. There should be closer and more intelligent co-operation between all organizations working in the South. There is too much dissipation of energy and altogether too little co-ordination of effort. The National Department of Agriculture, the State Departments, the colleges, the experiment stations, the railroads, and other bodies are just pulling apart, overlapping or interfering with one another. There should be more team work.

The Southern States have a tremendous advantage agriculturally over many States of the Union. They are blessed with an abundance of sunshine and most of them with a generous rainfall. The long growing season is almost an insurance policy against total crop failures. The climate renders the question of housing for man and beast a comparatively easy one. The initial capital required by the would-be farmer to establish himself on a farm in the South is therefore about one-half, or at most two-thirds, of that required in the more northerly States.

The South has the soil. The South has the climate. All it needs is men. You can get them if you reach out for them.

## THE PIONEER CO-OPERATIVE CREDIT ASSOCIATIONS IN THE UNITED STATES.

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Last year a poor Hebrew immigrant—let us call him X—bought a small farm in Nassau, Rensselaer County, New York. Ten years in a sweat shop impaired his health, and he was advised by his physician to live in the country. By dint of pinching economy and the contributions of his wage earning children to the common purse, he saved up the princely sum of \$1000. The farm he bought cost \$3000. He paid down his \$1000 and gave the vendor a first mortgage for the balance of \$2000 at six per cent. With a bare farm on his hands he turned to the Jewish Agricultural and Industrial Aid Society of New York. From that Society he received a loan of \$1000 to equip his farm.

Everything seemed to go along fairly well. But in the spring, when in the midst of his plowing, X lost one of his horses. His first thought was of the Aid Society. But time was very valuable and every day counted just then. He therefore went to Y, from whom he bought his first team. Yes, he would be glad to sell him a horse, but he must have at least half cash. X then turned to Z, who, he knew, loaned money occasionally to the farmers in the neighborhood. Z could let him have \$50 for three months provided he signed a note for \$75 at six per cent. X had no alternative. He took the \$50 and bought a horse for \$100, giving a note for the balance of \$50 for three months, also at six per cent. It therefore cost X \$26.88 for the use of \$100 for three months, or at the rate of 107½ per cent. per annum.

The following spring X again lost a horse. He saw three or four of his neighbors and within an hour he obtained a loan of \$100, for which he paid interest at the rate of six per cent. per annum, or \$1.50 for the same accommodation for which he had paid \$26.88 only the season before.

What was it that caused this extraordinary change in this farmer's ability to borrow? The answer is *Co-operative Credit*.

The question of rural credit is one of the burning questions of the day. To the South belongs the honor of focussing the country's attention to the inadequate credit facilities of the



American farmer. The agitation was set in motion by the Southern Commercial Congress at the Nashville Conference just a year ago. Through the influence of President Taft the matter was taken up by the Governors at the Richmond Conference in December which wound up with a special conference at the White House. Last week the First National Conference on Marketing and Farm Credits was held in Chicago. Today the subject is again discussed here in Richmond, and next week an American Commission, with representatives from nearly every State, will sail abroad to study rural credit in Europe. There is no doubt in my mind that all this agitation will eventually bear fruit.

While, as we see, much is being said and written on the subject and the agitation is growing, you may be interested to learn that the most important of the European credit systems—the *Raiffeisen* System—has already found a foothold in this country, and to examine how it works out in actual practice on American soil.

However, before entering upon the discussion of the experience of the pioneer co-operative credit associations in the United States, I think it will be well to tell you something about the organization that is responsible for their introduction into this country. It will surprise many of you, I know, to learn that the Baron de Hirsch Fund had been making mortgage loans to Jewish farmers as early as 1890. In 1900 this department was turned over to the Jewish Agricultural and Industrial Aid Society, which was organized for that purpose, and with which I have the honor of being identified. These loans are secured by mortgage and are repayable in moderate annual instalments. The interest rate is 4 per cent. It will therefore be seen that the land credit system of our Society is not unlike that of the *Credit Foncier* and other corporate land credit institutions. Although the funds of the Agricultural Aid Society are limited to a stated annual income and its operations are confined to a special class of immigrants, its work has been far from insignificant. According to its report for 1912, it has granted, during the thirteen years of its existence, 2568 loans aggregating \$1,494,437.91. These loans were made to 2266 farmers in 28 States and in Canada. The operations of our Society thus embrace a much larger territory than those of the largest land credit bank in continental Europe.

The need of short time personal credit by the American farmer was long recognized by our Society. But with a clientele scattered over the entire country the direct extension of personal credit was not feasible. Accordingly, as early as 1907

we gave serious consideration to the question of the adoption of one of the European co-operative systems. But progress was not very rapid. The wealth of literature which is now at everybody's command was wanting then and it was necessary to go to original sources for information. It was not, therefore, until 1909 that we were prepared to attack the problem with some degree of confidence.

By-Laws were drafted and an educational campaign was inaugurated. The idea of co-operative credit was seized upon by the Jewish farmers with avidity, and several farming communities set to work to raise funds for the organization of credit associations. But before our plans could be put into operation many obstacles had to be overcome. Chief among them was the absence of legislation under which these credit unions, as we call them, could be incorporated. Finally, seeing that nothing could be gained from further delay, it was decided to proceed with their organization as unincorporated or voluntary associations.

As indicated, the form of organization of these credit unions is similar to that of the Raiffeisen banks—after which most co-operative credit institutions the world over are patterned—in so far as that system could be adapted to American conditions and to the peculiar needs of the situation.

We have today seventeen thriving credit unions—the first, and so far the only co-operative agricultural credit banks on American soil. Eight of them are in New York, five in New Jersey, and four in Connecticut. Three were organized in 1911, five more in 1912, and nine more this year. I am sorry that the reports from these credit unions for the first quarter of the current year are not yet in. I am therefore unable to give you an up-to-date statement of their operations. But the eight credit unions doing business last year reported on December 31st a total membership of 251. Their outstanding shares (\$5 each) were 865. They had then been in operation for a period averaging thirteen months, during which time they made 411 loans aggregating \$28,140, nearly seven times their share capital. Their net profits for this period amounted to \$545.48, or at the rate of about 12½ per cent. per annum on that capital.

One of the most marked benefits resulting from these credit unions is the virtual stamping out of usury in the communities in which they exist. The farmer finding no difficulty in obtaining a moderate loan for productive purposes quickly and cheaply, no longer has to depend upon the generosity of the neighbors, the forbearance of the local storekeepers, or the cupidity of the usurer.

However, not the least important is the moral and educational value of these credit unions. They teach their members business methods and self-government. They imbue them with self-reliance and self-respect. They endow them with a high sense of mutual responsibility, stimulate them to further efforts in the direction of co-operation and mutual self-help, and make them better farmers and better citizens.

There is nothing mysterious or mystifying about co-operative credit except, perhaps, to bankers. It is the simplest form of co-operation and any man with a modicum of horse sense and a smattering of bookkeeping is fully capable of looking after the affairs of a credit union. As a matter of fact, the operations of a credit union are much less intricate than the daily operations of the average farmer. But credit unions will not create themselves. We may study and investigate, educate and legislate from now on until the last trumpet call and unless we get right down and do it, we will only awake to find that we cannot get enough credit to pay for our halos.

The only way to establish co-operative credit is to establish it.

## CO-OPERATION AS A TRAINING SCHOOL IN BUSINESS METHODS.

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Perhaps the most striking American characteristic is a highly developed individualism. This has often led to the erroneous conclusion that the average American is constitutionally incapacitated for co-operative endeavor. As a matter of fact, co-operation is at the very foundation of our national existence. Our government is the most gigantic co-operative enterprise since the Tower of Babel and the most successful ever undertaken by man. Our civic affairs are purely co-operative. Our religious life is equally so. Is it not somewhat remarkable that, while we have been able to teach the world a thing or two in political, civic and religious co-operation, we should have to look to others for inspiration and guidance in economic co-operation?

At the same time, it would be a grave mistake to take it for granted that our country is destitute of economic co-operation. Our railroads, our great manufacturing, commercial and financial establishments, in fact all corporate enterprises great and small, are in a large sense co-operative enterprises. You may not know it; you may not recognize them as such; you may have a closer acquaintance with them as trusts or combinations engaged in the reasonable or unreasonable restraint of trade; you may call them monopolies; the fact nevertheless remains that the fundamental principles upon which these rest is co-operation.

Where then is the difference—for there is a vast difference—between a corporate enterprise and a purely co-operative enterprise? The difference is this. In co-operation the human element is the controlling element. As a consequence there is absolute equality among the co-operators; equality of representation; equality of control; and equality of opportunity. In a corporation, on the other hand, the controlling element is capital. It is not one man one vote but one-hundred dollar bill one vote or one share of stock one vote. The result is that the man who is able to acquire a sufficient number of shares thus acquires control of the corporation, as it sometimes happens, even to the detriment of the interests of his fellow co-operators. Co-operatively speaking, therefore, a corporation is on the right track but it is going the wrong way.



It is frequently said that this is the age of combination. Every form of industry and every form of business has found it advisable and profitable to organize and combine for greater efficiency. Farming alone stands disjointed and unorganized. The trouble is that farming has not yet been universally recognized as a business. While considerable attention is given to the art of farming and to the science of farming none is given to the business of farming. Too much emphasis is laid on production and too little on distribution. We have made great strides in the development of the manufacturing end of farming but we are practically at a standstill in so far as the financial end of farming is concerned. Small wonder, then, that the farmer does not get a fair return for the capital and labor invested. What farming, therefore, needs, is the adoption of business methods—methods that have been tried and found successful in other enterprises.

However, in farming, concentration of production is not possible. With production scattered over a large area and among numerous producers, combination in farming on the lines adopted by industrial and commercial enterprises is not practicable. The only form of combination possible in farming is co-operation. It is true that we have so far made little progress in agricultural co-operation. But human progress is rarely achieved except under the spur of necessity. Nature has been very prodigal with us and we in turn have been prodigal with nature. However, agricultural conditions are changing very rapidly and with it must come greater business efficiency which, as I have already indicated, depends in a great measure on co-operation.

Now, to show you what a good tutor necessity is and how much we can accomplish if we only have to, let us see how a class of farmers handicapped at the outset by ignorance of the very rudiments of farming, by lack of funds, and what not, have progressed in the direction of co-operation and have evolved what is doubtless the most comprehensive system, or rather systems, of agricultural co-operation on American soil.

Co-operation among the Jewish farmers in the United States was set afoot as a result of the educational or, to use an objectionable phrase, "uplift work," inaugurated by the Jewish Agricultural Society of New York in 1907. The first step undertaken by this Society was the organization of the scattered farming communities into local associations largely for religious, educational and social purposes. This frequent getting together of the farmers and the holding of meetings ushered in a new era among those who found themselves strangers in what was practically a strange land and among a people whose language, customs and manners they did not understand.

In the course of their gatherings, they naturally discussed matters of common interest and, as was to be expected, the material side of farming received considerable attention. Efforts at co-operation on a small scale were made with more or less success. But small groups scattered practically all over the United States were powerless to accomplish very much. Each group was too weak to attempt by itself co-operative work on any scale successfully. What was needed was united effort.

With a number of organizations composed of men of the same blood, having suffered the same hardships, possessing the same ideals, with interests in common, and the same problems to solve, it was but a natural step that they should wish to get into closer relations with one another. This resulted in the formation of the Federation of Jewish Farmers of America in 1909. This Federation, which now has a membership of fifty-two constituent associations in the United States, made it possible for the small, scattered associations to undertake collectively co-operative work which would have been otherwise impossible.

One of the first acts of this central organization was the establishment of a purchasing bureau for the purchase of seeds, fertilizers, implements and other supplies needed by the farmer. In addition to effecting a considerable saving, the farmers dealing with this bureau are certain to get a standard article. Through the influence of the Federation, the farmers also receive liberal credit. Last year the sales of the purchasing bureau amounted to over \$50,000.

The next step was the organization of the credit unions, the first agricultural credit banks, and so far the only ones in existence, in the United States. Although this is the simplest form of co-operation, it has not found ready acceptance for the reason that the word "banking" is something the average man approaches with fear and trembling. We have seventeen of these credit unions now in operation with a membership of 2000 and a capital of about \$9000. Eight of these unions are in New York, five in New Jersey, and four in Connecticut. Our farmers in Sullivan County, New York, have started a co-operative fire insurance company and in Hurleyville, in the same County, they have started a co-operative creamery. The Federation is planning co-operative markets, and so on. Co-operation once started and proved successful grows very rapidly.

Business methods are a condition precedent to successful co-operation. All abortive co-operative enterprises owe their failure to the inability to adopt, or to the wilful disregard of, ordinary business principles. Since in true co-operation the

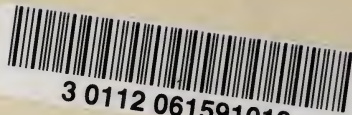
business affairs of the enterprise are not relinquished by the co-operators, co-operation serves the purpose of training the co-operating farmer in business methods.

What co-operation has done in the way of giving the Jewish farmers a good business education is almost unbelievable. The frequent meetings and conferences have taught them parliamentary procedure. They have learned to fill out an order blank intelligently and to carry on an intelligent correspondence relating to their orders. They have learned to study catalogs and to order from catalog, to figure out interest on deferred payments and discounts for cash. They have learned to get their chemicals and to mix their own fertilizers at a great saving of money and with better results to their crops. Their brief experience in doing some of their own banking is teaching them the keeping of simple books; it is teaching them punctuality in the meeting of notes; it is teaching them the sacredness of an obligation and the seriousness of putting their name to paper. Perhaps the most noteworthy thing about the credit unions is that instead of affecting the local banks adversely, as some had feared, they have stimulated the business of these banks by teaching the members the advantages of a bank account and the use of checks in their business transactions.

But the material benefits of co-operation sink into insignificance when considered alongside of its value as a moral, educational, and social force and its effect upon the daily life of the community.

Sir Horace Plunkett relates how co-operation completely transformed a certain village in Ireland. The village was noted for the shiftlessness and quarrelsomeness of its inhabitants. The men were hard drinkers and hard fighters; the women hard gossipers. With the organization of a co-operative association, which was by no means an easy task, and the opportunity of these people to get together on common ground and to discuss matters of common interest, there was a complete revolution. Neighbors who never spoke became quite neighborly. After the first meeting of the association Fogarty said to his wife "Rooney is a pretty decent fellow." "Sure," replied Mrs. Fogarty, "and Mrs. Rooney is a very fine woman; let us call on them." And this was the first call with pacific intentions these neighbors had indulged in, although they were born and brought up in that village.

Let us get nearer home. A certain Jewish farming settlement in Connecticut seemed to have an obsession for litigation. Hardly a day passed but that one farmer did not have a warrant for his neighbor for slander, trespass, or what not. Nearly



every one was under bonds to keep the peace. The local Justice of the Peace enjoyed the situation not so much for itself but for the income it brought him. The first thing these farmers did, after organizing their local association, was to appoint a standing arbitration committee for the settlement of all disputes. Since then litigation dwindled to such an extent that the Justice had to take up insurance as a side line in order to make a living. Even the arbitration committee has very little to do.

Those of you who have had any connection at all with co-operative enterprises can doubtless relate similar experiences.

Co-operation is a state of mind; a growth. It has grown with us. We approached co-operation not only with respect but with trepidation. But before we were aware of it we found ourselves deep down and up to the neck. It was a case of sink or swim. You see we have managed to keep afloat.